

RECORDATION NO. 25578-A FILED

MAY 11 '05 4-36 PM
SURFACE TRANSPORTATION BOARD

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OF COUNSEL
URBAN A. LESTER

May 11, 2005

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of an Memorandum of Mortgage (Indenture), dated as of May 11, 2005, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document relates to the Memorandum of Head Lease being filed with the Board under Recordation Number _____.

The names and addresses of the parties to the enclosed document are:

Head Lessor: Lloyds TSB Equipment
Leasing (No. 5) Limited
C/o Lloyds TSB Leasing
25 Gresham Street
London EC2V 7HN
England

Head Lessee: North America Rail Leasing #2 LLC
(d/b/a Babcock & Brown Rail Leasing)
c/o Babcock & Brown LP
1 Dag Hammarskjold Plaza
885 Second Avenue
49th Floor
New York, NY 10017

Indenture Trustee: Wells Fargo Bank Northwest, N.A.
299 South Main Street
12th Floor
Salt Lake City, UT 84111

Mr. Vernon A. Williams
May 11, 2005
Page Two

A description of the railroad equipment covered by the enclosed document is:

240 coal hoppers within the series COMX 9001 – 9245.
104 sugar cars within the series CMO 10010 – 10289.
13 coal hoppers CHTT 503554 – 503566, inclusive.
73 coal gondolas CHTT 503481 – 503553, inclusive.
150 centerbeam railcars AOK 29000 – 29149, inclusive.

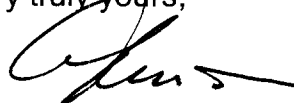
A short summary of the document to appear in the index follows:

Memorandum of Mortgage (Indenture)

Also enclosed is a check in the amount of \$32.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return one stamped copy of the enclosed documents to the undersigned.

Very truly yours,



Robert W. Alvord

RWA/anm
Enclosures

MAY 11 2005

4-36 PM

MEMORANDUM OF MORTGAGE (INDENTURE)

SURFACE TRANSPORTATION BOARD

This Memorandum of Mortgage (Indenture) is made and entered into as of May 11, 2005 by **NORTH AMERICA RAIL LEASING #2 LLC** (d/b/a Babcock & Brown Rail Leasing) ("**Head Lessee**") and **LLOYDS TSB EQUIPMENT LEASING (NO. 5) LIMITED** ("**Head Lessor**") in favor of **WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION**, as Indenture Trustee under the Trust Indenture referred to below (together with its successors and permitted assigns, the "**Indenture Trustee**"). Terms used in this instrument have the meanings assigned thereto (whether by reference to another document or otherwise) in that certain Trust Indenture and Security Agreement (COMBI I) dated as of December 17, 2004 (as amended, modified or supplemented, the "**Trust Indenture**") among the Head Lessee, Head Lessor, the Lenders named therein and the Indenture Trustee, as further supplemented by Indenture Supplement No. 12 dated as of May 11, 2005.

W I T N E S S E T H:

Head Lessor and Head Lessee have entered into the Trust Indenture by which Head Lessor and Head Lessee (or either of them, as the case may be) have granted to the Indenture Trustee, in order to secure the obligations set forth in the Trust Indenture, a first priority security interest in, *inter alia*, all of their right, title and interest in, to and under:

(a) certain railroad equipment bearing reporting marks as listed on Exhibit A attached hereto (collectively, the "**Supp 12 Units**"); and

(b) each lease referred to on Exhibit B attached hereto and any other lease entered into by Head Lessee or Head Lessor with respect to the Supp 12 Units.

[Memorandum of Mortgage (Indenture) (Supp 12)]

IN WITNESS WHEREOF, each of Head Lessor and Head Lessee has caused this memorandum to be duly executed by its officer duly authorized as of the date and year first above written.

**NORTH AMERICA RAIL LEASING #2
LLC (d/b/a Babcock & Brown Rail
Leasing),
as Head Lessee**

By: _____

Name: **Bruce Carusi**
Title: **Vice President**

**LLOYDS TSB EQUIPMENT LEASING
(NO. 5) LIMITED,
as Head Lessor**

By: _____

Name:
Title:

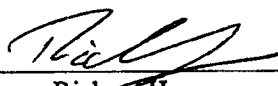
[Memorandum of Mortgage (Indenture) (Supp 12)]

IN WITNESS WHEREOF, each of Head Lessor and Head Lessee has caused this memorandum to be duly executed by its officer duly authorized as of the date and year first above written.

**NORTH AMERICA RAIL LEASING #2
LLC (d/b/a Babcock & Brown Rail
Leasing),
as Head Lessee**

By: _____
Name:
Title:

**LLOYDS TSB EQUIPMENT LEASING
(NO. 5) LIMITED,
as Head Lessor**

By:  _____
Name: Richard Hoy
Title: Attorney-in-fact

[Memorandum of Mortgage (Indenture) (Supp 12)]

STATE OF NEW YORK)

COUNTY OF NEW YORK)

On the 11th day of May in the year 2005 before me personally came Bruce Lansi to me known, who, being by me duly sworn, did depose and say that he/she resides at Finland 18 Mill Neck, NY; that ~~he/she~~ is the Vice President of North America Rail Leasing #2446, the entity described in and which executed the above instrument; and that he/she signed his/her name thereto by authority of the board of directors of said corporation.



Notary Public

[Notarial Seal]

KAREN A. HOULIHAN
Notary Public, State of New York
No. 01HO6051904
Qualified in New York County
Commission Expires December 4, 2007

EXHIBIT A**Equipment**

<u>Lessee</u>	<u>No of Units</u>	<u>Unit Type</u>	<u>Reporting Marks</u>	<u>Casualty Marks</u>
Exelon Generation Company LLC	240	Coal Hoppers	COMX 9001-9245, inclusive	COMX 9062, 9108, 9199, 9209 and 9222
Union Pacific Railroad Company #1	104	Sugar Cars	CMO 10010, 10017, 10069, 10072, 10075, 10101, 10108, 10109, 10119, 10171, 10174, 10175, 10178, and 10199- 10289, inclusive.	None
Union Pacific Railroad Company #2	13	Coal Hoppers	CHTT 503554-503566, inclusive.	None
Union Pacific Railroad Company #3	73	Coal Gondolas	CHTT 503481-503553, inclusive.	None
BC Rail Partnership	150	Centerbeams	AOK 29000-29149, inclusive	None

EXHIBIT B

List of Leases and Other Operative Agreements

Lease No. 1 – Exelon Generation Company, LLC

Lease Agreement No. 1519-01 dated May 22, 1998, by and between NBB North America Co., Ltd. (as assignee of General Electric Railcar Services Corporation) and Exelon Generation Company, LLC (as assignee of Commonwealth Edison Company).

Rider No. 1 forming part of Lease Agreement No. 1519-01 dated April 25, 1995, by and between NBB North America Co., Ltd. (as assignee of General Electric Railcar Services Corporation) and Exelon Generation Company, LLC (as assignee of Commonwealth Edison Company).

Assignment and Assumption Agreement dated June 26, 2000 between General Electric Railcar Services Corporation and NBB North America Co., Ltd.

Consent to Assignment and Assumption by NBB North America Co., Ltd. and Confirmation of Assumption by Exelon Generation Company, LLC dated October 30, 2001.

Bill of Sale dated June 26, 2000, from General Electric Railcar Services Corporation to NBB North America Co., Ltd.

Lease No. 2 – Union Pacific Railroad Company #1 (104 Sugar Cars)

Master Lease Agreement dated as of August 6, 2004, by and between Babcock & Brown Rail Funding LLC and Union Pacific Railroad Company.

Amended and Restated Rider No. 04 to Master Lease Agreement, dated as of December 15, 2004 and effective as of November 11, 2004, by and between Babcock & Brown Rail Funding LLC and Union Pacific Railroad Company.

Amended and Restated Rider No. 03 to Master Lease Agreement, dated as of December 15, 2004 and effective as of November 11, 2004, by and between the Seller and the Lessee, only as it relates to the railcars bearing recording marks CMO 10010, 10017, 10069, 10072, 10075, 10101, 10108, 10109, 10119, 10171, 10174, 10175, 10178 and 10199.

Amended and Restated Memorandum of Master Lease Agreement dated August 6, 2004 and Amended and Restated Rider No. 04 thereto effective as of November 11, 2004, dated as of December 15, 2004 and effective as of November 11, 2004, by and between Babcock & Brown Rail Funding LLC and Union Pacific Railroad Company.

Warranty Bills of Sale dated December 17, 2004, December 22, 2004, December 29, 2004, December 30, 2004, January 7, 2005, January 14, 2005, January 21, 2005, February 4, 2005, and February 11, 2005 from American Railcar Industries to Babcock & Brown Rail Funding LLC.

Lease No. 3 – Union Pacific Railroad Company #2 (13 Coal Hoppers)

Master Lease Agreement dated as of August 6, 2004, by and between Babcock & Brown Rail Funding LLC and Union Pacific Railroad Company.

Rider No. 01 to Master Lease Agreement, dated as of August 6, 2004, by and between Babcock & Brown Rail Funding LLC and Union Pacific Railroad Company.

Memorandum of Master Lease Agreement and Rider No. 01 thereto effective as of August 6, 2004, by and between Babcock & Brown Rail Funding LLC and Union Pacific Railroad Company.

Warranty Bill of Sale dated August 11, 2004 from Johnstown America Corporation to Babcock & Brown Rail Funding LLC.

Lease No. 4 – Union Pacific Railroad Company #3 (73 Coal Gondolas)

Master Lease Agreement dated as of August 6, 2004, by and between Babcock & Brown Rail Funding LLC and Union Pacific Railroad Company.

Rider No. 02 to Master Lease Agreement, dated as of August 6, 2004, by and between Babcock & Brown Rail Funding LLC and Union Pacific Railroad Company.

Memorandum of Master Lease Agreement and Rider No. 02 thereto effective as of August 6, 2004, by and between Babcock & Brown Rail Funding LLC and Union Pacific Railroad Company.

Warranty Bill of Sale dated August 11, 2004 from Johnstown America Corporation to Babcock & Brown Rail Funding LLC.

Lease No. 5 – BC Rail Partnership

Lease Agreement made as of March 1, 2002, by and between Greenbrier Leasing Corporation and BC Rail Partnership.

Schedule No. 5 to Lease Agreement made as of February 1, 2004, by and between Greenbrier Leasing Corporation and BC Rail Partnership.

Memorandum of Lease Agreement and Schedule No. 5 thereto made and entered into as of February 1, 2004, by and between Greenbrier Leasing Corporation and BC Rail Partnership.

Bills of Sale dated March 31, 2004, April 15, 2004 and April 29, 2004, from TrentonWorks Limited to Greenbrier Leasing Corporation.

CERTIFICATION

I, Robert W. Alvord, attorney licensed to practice in the State of New York and the District of Columbia, do hereby certify under penalty of perjury that I have compared the attached copy with the original thereof and have found the copy to be complete and identical in all respects to the original document.

Dated: 5/11/05



Robert W. Alvord